

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

STATE OF IOWA ex rel.
THOMAS J. MILLER,
ATTORNEY GENERAL OF IOWA,
99AG25112,

Plaintiff,

v.

TRILEGIANT CORPORATION, AND
TRL GROUP, INC.

Defendants.

EQUITY NO. CE54897

CONSENT JUDGMENT

FILED
POLK COUNTY IA
06 DEC 11 AM 9:19
IOWA DISTRICT COURT

Plaintiff, the State of Iowa ex rel. Attorney General Thomas J. Miller, by Special Assistant Attorney General William L. Brauch, and defendants Trilegiant Corporation and TRL Group (collectively "Trilegiant" or "Defendants"), appearing individually and through their attorneys Skadden, Arps, Slate, Meagher and Flom, by Thomas Nolan and Harriet Posner, and Davis & Gilbert, by Ronald R. Urbach, Esq., have stipulated that this Consent Judgment may be signed by the Court.

The parties have consented to the entry of this Consent Judgment for the purposes of settlement only, without this Consent Judgment constituting evidence against or any admission by any party, and without trial of any issue of fact or law, and without this Consent Judgment constituting any admission of liability or wrongdoing by Defendants or any other party, and with the understanding that Defendants' position is that they have at all times been in compliance with all applicable laws, and with the understanding that by entering into this Agreement Defendants do not agree or concede that the claims or allegations asserted by the State have merit.

The parties acknowledge that, in addition to this Consent Judgment, Trilegiant has entered into settlement agreements with the states of California, Connecticut, Illinois, Maine, Oregon, Pennsylvania, Tennessee, Alaska, Michigan, Missouri, New Jersey, North Carolina, Ohio, Vermont, and Washington, in the form of judgments and assurances of voluntary compliance or discontinuance, resolving claims with respect to Check and Non-Check Solicitations. Iowa and the other states are referred to collectively, hereafter, as the "Settling States." This Consent Judgment, and the other aforementioned settlement agreements, are referred to collectively hereafter as the "Settlement Documents."

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that this Consent Judgment may be entered in this matter as follows:

I. JURISDICTION

1. The Court has jurisdiction over the subject matter of this action and of the parties.
2. Venue is proper in this Court.
3. The Petition states a cause of action against Defendants pursuant to Iowa Code § 714.16.

II. DEFINITIONS

4. Unless otherwise specified, the following definitions shall apply:
 - A. "Account" means a credit card account, debit card account, checking account, savings account, loan account, mortgage account or other similar account.
 - B. "Authorized User" means the holder of an Account or a person authorized to make charges to an Account.

C. **“Automatic Renewal”** means a plan or arrangement under which a Membership Program is automatically renewed at the end of the initial membership term, and thereafter renewed continually for successive membership terms, unless the consumer affirmatively cancels the membership. A “membership term” does not include any portion of a trial period included in a “Trial Offer.”

D. **“Check Solicitation”** means any offer, sent by Mail, of a live check, the cashing or depositing of which obligates a consumer to purchase or renew a membership in a Membership Program, either immediately or upon the expiration of a Trial Offer, unless the consumer affirmatively cancels the membership.

E. **“Clear and Conspicuous”** or **“Clearly and Conspicuously”** means a statement that, regardless of the medium in which it is made, is readily understandable and presented in such size, color, contrast, duration, and location, compared to the other information with which it is presented, that it is readily apparent to the person to whom it is disclosed. A statement may not contradict or be inconsistent with any other information with which it is presented. If a statement is necessary to prevent other information from being misleading or deceptive, then the statement must be presented in proximity to that other information, in a manner that is readily noticeable, readable, and understandable, and it must not be obscured in any manner.

F. **“Effective Date”** means the date on which all of the Settling States, through the Office of the California Attorney General, have delivered to Trilegiant the signatures or court orders necessary for its Settlement Documents to be effective.

G. “Express Consent” means an Authorized User’s unambiguous express and affirmative written consent to charge a Membership Charge to an Account, either immediately or upon the expiration of a Trial Offer, unless the Authorized User affirmatively cancels his or her membership.

H. “Fulfillment Materials” means materials such as brochures, pamphlets, and the like that include the terms and conditions of a Membership Program, sent by any Defendant to a consumer after he or she has given Express Consent to purchase a membership in a Membership Program.

I. “Mail” means to send by United States mail or other physical delivery method such as courier, UPS or Federal Express, but excluding electronic mail.

J. “Membership Charge” means any amount charged to an Account of an Authorized User for an initial or renewal membership in a Membership Program.

K. “Membership Program” means any program offered by Trilegiant to a consumer in a Settling State offering benefits, goods or services to members of the program, and for which Trilegiant charges a fee or requires that the consumer provide Trilegiant with some other form of consideration. This excludes one-time sales transactions unless they involve Automatic Renewals or require consumers to affirmatively cancel their membership in order to avoid continuing or additional charges or other financial obligations.

L. “Non-Check Solicitation” means any offer, sent by Mail, of a benefit or of other valuable consideration, which is promoted as “free” and is an amount credited to an Account or is cash, a gift card, a savings bond, or a voucher that can be exchanged for

a credit to an Account, a gift card or any cash equivalency, which by applying for or accepting the offered benefit or consideration, a consumer becomes obligated to purchase or renew a membership in a Membership Program, either immediately or upon the expiration of a Trial Offer, unless he or she affirmatively cancels his or her membership.

M. “Partner” means any entity with whom Trilegiant contracts for purposes of marketing Membership Programs to customers of that entity.

N. “Trial Offer” means an offer to a consumer of a membership in a Membership Program for a trial or risk-free period, during which the consumer has the benefits of membership and, before the end of the trial or risk free period, can cancel the membership without incurring a Membership Charge.

III. INJUNCTION

5. Pursuant to Iowa Code § 714.16(7), Defendants, and their successors, assigns and subsidiaries, directly or through any of their officers, agents, directors, servants, employees, or salespersons who are acting on behalf of Defendants or their subsidiaries, are hereby permanently enjoined and restrained from engaging in the following conduct with respect to Membership Programs offered through Check and Non-Check Solicitations:

A. Failing to disclose Clearly and Conspicuously the following information in Check and Non-Check Solicitations:

(1) *For Check Solicitations*, the following statement or substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure:

“Cashing the enclosed check will result in a charge of \$ [then current [monthly or annual, as applicable] fee] to your [name of Account] for a membership in [Membership Program] unless you cancel within the Trial Offer period. To cancel, you must call [toll-free number] within [length of Trial Offer period] of the date you receive your Membership Fulfillment Materials. We will not have to ask for [if applicable: your [name of Account] Account number or] your further consent in order to charge you. [Membership Program] is not affiliated with [Partner]. At the end of each [membership term], [Membership Program] will charge your [name of Account] Account the membership fee in effect at that time unless you call to cancel.”

(2) *For Non-Check Solicitations*, the following statement or substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure:

“Accepting the enclosed offer will result in a charge of \$ [then current [monthly or annual, as applicable] fee] to your [name of Account] for a membership in [Membership Program] unless you cancel within the Trial Offer period. To cancel, you must call [toll-free number] within [length of Trial Offer period] of the date you receive your Membership Fulfillment Materials. We will not have to ask for [if applicable: your [name of Account] Account number

or] your further consent in order to charge you. [Membership Program] is not affiliated with [Partner]. At the end of each [membership term], [Membership Program] will charge your [name of Account] Account the membership fee in effect at that time unless you call to cancel.”

(3) The disclosures required by subparagraphs (1) and (2) must be made in the Check or Non-Check Solicitation in any one or more of the following ways:

- (a) in the first paragraph of the main body;
- (b) in the first page of the main body in type which is bold in comparison to the majority of other text on the page;
- (c) in the main body, so long as Trilegiant includes a Clear and Conspicuous notice at the bottom of the first page of the main body stating the following, or substantially similar words that have the same substantive meaning and do not materially change the terms of the disclosure: “Important Notice: Your [name of Account] Account will automatically be charged for the membership fee if you accept this offer and fail to cancel within the Trial Offer period. See [as applicable: below, over, next page, page ___] for details;” or
- (d) in the main body, so long as Trilegiant includes on the first page of the main body Clear and Conspicuous information regarding the Membership Program, including (i) the price; (ii) that the consumer will be

charged if he or she does not cancel within the Trial Offer period; (iii) the terms of the Automatic Renewal feature; and (iv) a statement that the Membership Program is not affiliated with the Partner. Items (i) through (iii) shall be disclosed in close proximity to one another, and Defendants shall not use any form of any of the words specified in paragraph 6 when providing this information.

(4) Check and Non-Check Solicitations shall also include Clear and Conspicuous statements that:

- (a) The consumer should keep this notice for his or her records; and
- (b) The consumer should expect in the Mail, within four to five weeks of providing Express Consent, Fulfillment Materials regarding the consumer's membership in the Membership Program.

B. If any Check or Non-Check Solicitation includes the use of a Trial Offer, failing to disclose Clearly and Conspicuously in the Check or Non-Check Solicitation a statement that the Trial Offer shall commence as of the date the consumer receives the Fulfillment Materials. The date of receipt shall be deemed to be five days after the Fulfillment Materials are sent by first class Mail. If the Fulfillment Materials are sent by second or third class Mail, receipt shall be deemed to be nine days after such mailing. Cancellations shall be honored for a period of fifteen (15) days after the end of the Trial Offer period.

C. For Check Solicitations,

(1) Failing to disclose Clearly and Conspicuously on the face of a check offered with a Check Solicitation a statement that notifies the consumer that by depositing or cashing the check, the consumer is purchasing a membership in the specific Membership Program.

(2) Including on the face of a check offered with a Check Solicitation any description of an accompanying Trial Offer as “free,” “complimentary,” or “risk-free,” or similar terms or any reference to “Cash Disbursements Office” or similar terms.

(3) Including any writing above the endorsement line on the back of any check offered with a Check Solicitation other than (i) a writing that is required by law; (ii) a copyright notice or other writing, but only if that writing is necessary to protect or identify a Partner’s intellectual property rights; (iii) a writing that the Partner believes in good faith to be required by law or necessary to avoid potential liability; and (iv) the disclosure required by subparagraph (4) below.

(4) Failing to include Clearly and Conspicuously above the endorsement line on the back of any check offered with a Check Solicitation the following disclosure, or substantially similar words that have the same substantive meaning and do not materially change the terms of the disclosure:

“By cashing this check I agree to a Trial Offer in
[Membership Program] and understand that \$ [then

current [monthly or annual, as applicable] fee] will automatically be charged to my [name of Account] Account unless I cancel my membership by calling [toll-free number] before the end of the Trial Offer period. I understand that I will also be charged every [membership period] at the then current fee and must cancel to avoid future fees and receive any applicable refund.”

D. Making any false or misleading representation, expressly or by implication, that the Check Solicitation or other benefit offered through a Non-Check Solicitation:

(1) is a refund, rebate, reward or other benefit conferred because of a business relationship between [PARTNER] and the consumer; or

(2) is anything other than a benefit or incentive offered by Defendants for the purchase of a membership in a Membership Program.

However, the use of name(s) or logo(s) of a third party shall not, in and of itself, be deemed to make such a representation, and Defendants shall not be prohibited from describing any rebate program that is included as part of the Membership Program.

E. Making any false or misleading representation, expressly or by implication, that the Membership Program, any check or benefit offered through a Check Solicitation, or any benefit offered through a Non-Check Solicitation is a program, service or benefit offered by any entity other than Trilegiant; provided, however, that the

use of names or logos of a third party shall not, in and of itself, be deemed to make such a representation.

F. Failing to send by Mail or other delivery mechanism, that is reasonably designed to reach the consumer within four weeks of obtaining his or her Express Consent, Fulfillment Materials that Clearly and Conspicuously disclose:

(1) on the first page of the welcome letter accompanying the

Fulfillment Materials:

(a) a statement in bold face or underlined type, or otherwise displayed more prominently than the surrounding text, informing the Authorized User that he or she has purchased a membership in [Membership Program name] and that he or she has [number of days in the Trial Period] from the date of the receipt of this welcome letter to cancel the membership in order to avoid being charged for the membership;

(b) the consumer's membership number in the Membership Program;

(c) the length of the Membership Period;

(d) the amount and frequency of the Membership Charge;

(e) that the Membership Charge has been or will automatically be billed to the Authorized User's account, and, if subject to Automatic Renewal, that the Authorized User's Membership will be renewed and the Membership Charge will be automatically billed to the Authorized User's

Account for each successive period unless the Authorized

User cancels the membership;

(f) an explanation of the cancellation procedures, including a toll-free telephone number which may be used for that purpose; and

(g) a statement that the consumer should keep these Fulfillment Materials for his or her records.

(2) on the outside of the envelope containing the Fulfillment Materials, a statement in no less than 14 point, bold type indicating "Materials For Membership You Ordered" or substantially similar words that have the same substantive meaning and do not materially change the terms of the disclosure.

G. For renewal notices,

(1) Failing to send Automatic Renewal notices to consumers, by Mail or other delivery mechanism that includes address forwarding, as follows:

(a) for each of the consumer's memberships that are billed less frequently than quarterly a renewal notice between thirty (30) and sixty (60) days prior to each renewal billing date; and

(b) for each of the consumer's memberships, regardless of the frequency Defendants bill Membership Charges, a renewal notice between thirty (30) and sixty (60) days prior to the effective date of either any increase in the Membership Charge for the Membership Program or any change in the frequency of assessing the Membership Charge for the Membership Program, such as a change from annual to monthly billing.

Renewal notices sent pursuant to this subparagraph shall include all information required by paragraph 5(G)(2), below, as well as an explanation of the increase in the Membership Charge or change in the billing frequency.

(2) Failing to include Clearly and Conspicuously in all renewal notices sent pursuant to subparagraphs (G)(1)(a) and (b), above, the following:

(a) The terms of the cancellation policy for the Membership Program and a toll-free telephone number which a consumer may call to cancel his or her membership; and either

(b) For consumers billed less frequently than quarterly, notice of the length of the renewal period, the amount of the Membership Charge; that the consumer is about to be renewed and charged for the next Membership Program term unless he or she cancels; and the deadline by which a consumer must cancel in order to avoid being billed for the Membership Charge; or

(c) For consumers billed quarterly or more frequently, a reminder of the amount of the Membership Charge and the frequency that Defendants bill or charge the Membership Charge;

(3) For consumers who as of sixty days after the Effective Date have one or more memberships in a Membership Program which are billed quarterly or more frequently, failing to send by Mail or other delivery mechanism that includes address forwarding, a notice specifying: the terms of the cancellation policy for

the Membership Program; a toll-free telephone number which a consumer may call to cancel his or her membership; and a reminder of the amount of the Membership Charge and the frequency that Defendants bill or charge the Membership Charge. Notices provided pursuant to this subparagraph shall be sent no later than 120 days after the Effective Date.

(4) Failing to include on the outside of an envelope, the front of a postcard, or on the exterior of the applicable mailing piece containing an Automatic Renewal notice or the notice required by subparagraph 5(G)(3), above, a statement in no less than 14-point, bold type indicating "Membership Renewal Notice" or substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure.

(5) Failing to include the consumer's membership number in the Membership Program in any renewal notices sent pursuant to subparagraph 5(G).

H. Failing:

(1) prior to billing an Account for a Membership Charge, to first obtain the Express Consent of the Authorized User and then maintain the original, a copy, or an electronic copy of the Express Consent of the Authorized User in a manner that ensures access to such record reasonably promptly for at least 24 months from the date Trilegiant obtains such Express Consent and, upon written request, make such record available to the State;

(2) to the extent practical under the billing practices of any applicable billing entity [e.g., a credit card company], to disclose the name of the

Membership Program, the membership number and a clearly identifiable toll-free telephone number for customer service on each billing statement or invoice;

(3) to the extent permitted under the billing practices of any applicable Partner, if the Membership Charge is billed to a mortgage account or other loan account, to disclose Clearly and Conspicuously, on the billing statement or invoice that the charge is not related to the mortgage or loan charges;

(4) to the extent permitted by the billing practices of any applicable Partner, to cease using the term "Optional Product" to describe Membership Charges on mortgage or billing statements without Clearly and Conspicuously disclosing on the first page of the billing statement or invoice that the Optional Product is a Membership Program purchased by the consumer and without providing a toll-free telephone number the consumer may call to cancel the Membership Charge or receive a refund; and

(5) to cease including Check Solicitations and Non-Check Solicitations with a consumer's mortgage or other billing statement that are not Clearly and Conspicuously differentiated from the billing statement, provided that the fact that a Check or Non-Check Solicitation is included in the same envelope as a mortgage or other billing statement shall not by itself be deemed to be a violation of this provision.

I. For Cancellations and Refunds,

(1) Failing to have a cancellation policy by which Authorized Users may cancel any membership in any Membership Program by providing his or her

membership number, or first and last name and billing address, either orally or in writing;

(2) Failing to disclose Clearly and Conspicuously in Check and Non-Check Solicitations and Fulfillment Materials the terms and conditions of Defendants' cancellation policy;

(3) Failing to cancel a consumer's membership in a Membership Program within ten (10) business days of receiving a cancellation request, including failing to cease assessing any renewal fees after the consumer cancels his or her membership in a Membership Program for any period after the effective date of cancellation, or refunding any renewal charges that have already been processed for a term that has not yet commenced, provided the consumer has provided his or her membership number, or first and last name and billing address;

(4) Failing to process any applicable refund or account credit provided for under the terms of the Membership Program cancellation policy for a membership cancelled by the consumer within ten (10) business days of receiving the cancellation request, including failing to credit to the consumer any renewal charges that have already been processed for a term that has not yet commenced, provided that the consumer has provided his or her membership number, or first and last name and billing address.

(5) Failing to notify each Authorized User who calls any Defendant to dispute a Membership Charge and in any way indicates that he or she did not

consent to, authorize, or understand that he or she would be assessed a Membership Charge, of Defendants' cancellation policy, and, if the consumer elects to cancel the membership in the Membership Program, to honor the cancellation and provide any credit or refund that is provided for under the cancellation policy for that Membership Program, provided that the consumer provides his or her membership number or first and last name and billing address.

(6) Failing, without requiring additional action by any consumer (other than requesting that the consumer provide information necessary to process the cancellation), to promptly credit or refund in accordance with the cancellation policy the amount (or portion thereof) of any unauthorized Membership Charge, less any credit or refund such person may have already received related to such an unauthorized Membership Charge.

(7) Failing to maintain a record of requests for cancellation of memberships in all Membership Programs, whether received during a Trial Offer period or during a full membership period, in a manner that ensures reasonable access to such records for at least 24 months following such requests, and upon written request, make such records available to the Attorney General. The records shall be in the form of originals, copies or electronic copies of Trilegiant's internal records of such cancellations.

J. Making any representation in any solicitation or notice to consumers, directly or by implication, that is contrary to any of the statements and disclosures required by this Consent Judgment.

6. Provisions of this Consent Judgment which specifically permit Defendants to make required disclosures in "substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure" shall not be construed to permit use of any form of the following words in a disclosure: activate; enroll; initiate; join; or register.

7. Trilegiant shall not enter into, continue, or renew any contract with any Partner for the purpose of marketing Membership Programs that does not comply with all of the injunctive provisions of Paragraph 5 above. In connection with the preparation or performance of such contracts, Trilegiant shall not require or commit any act that is inconsistent with the provisions of Paragraphs 5 or 6, except as noted in paragraphs 5.H.(2), 5.H.(3) and 5.H.(4).

IV. CONSUMER RESTITUTION

8. Pursuant to Iowa Code § 714.16(7), Trilegiant shall pay Eight Million, Three Hundred Twenty-Five Thousand Dollars (\$8,325,000) ("Settling States Fund") in restitution to consumers in the Settling States as follows:

A. Within one hundred eighty (180) days from the Effective Date, Trilegiant shall provide the sum of Six Million Dollars (\$6,000,000) ("Fund 1") to make full restitution to all "Fund 1 Eligible Consumers" in the Settling States, including Iowa. A Fund 1 Eligible Consumer is a consumer who purchased one or more memberships in a Membership Program between July 1, 2001 and the Effective Date, and has complained by no later than the Effective Date that he or she did not consent to, authorize, or understand that he or she would be assessed a Membership Charge or would be assessed any charge in connection with an Automatic Renewal, provided that the consumer: (1) purchased the membership in the Membership Program through

a Check or Non-Check Solicitation; (2) has not used the benefits of the Membership Program for which he or she purchased a membership; and (3) resided in one of the Settling States at the time he or she submitted the complaint. To be eligible for restitution, the consumer must have either: (1) sent his or her complaint to Defendants by Mail or by e-mail received by Defendants and submitted through the "General Inquiries" or "Comments Form" sections of the <http://www.trilegiant.com/> internet web site (or any internet sites or addresses which may replace or supersede either of those sections or, if applicable, that web site) on or before the Effective Date, or (2) sent his or her written complaint in any format to Plaintiff, one of the other Settling States, or one of Defendants' Partners by the Effective Date and the complaint must have been forwarded by the entity that received it to Defendants by no later than 60 days after the Effective Date. Full restitution paid pursuant to this subparagraph shall consist of all membership fees paid by the Fund 1 Eligible Consumer after July 1, 2001, less any refunds previously paid or provided by Defendants. Any amount of Fund 1 not distributed pursuant to this subparagraph shall be added to the sum available for distribution pursuant to subparagraph 8(B), below.

B. Except as provided in this subparagraph, pursuant to Iowa Code § 714.16(7), within one year after the Effective Date, Trilegiant shall provide the additional sum of Two Million Three Hundred Twenty-Five Thousand Dollars (\$2,325,000) ("Fund 2") to "Fund 2 Eligible Consumers" in the Settling States, including Iowa. A Fund 2 Eligible Consumer is a consumer who purchased one or more memberships in a Membership Program between July 1, 2001 and ninety days after the Effective Date but is not a Fund 1 Eligible Consumer, and who, no later than two hundred seventy (270) days after the Effective Date, complains that he or she did not consent to, authorize, or understand that he or she would be assessed a Membership Charge or would be

assessed any charge in connection with an Automatic Renewal, provided that the consumer: (1) purchased the membership in the Membership Program through a Check or Non-Check Solicitation; (2) has not used the benefits of the Membership Program for which he or she purchased a membership; and (3) resided in one of the Settling States at the time he or she submitted the complaint. To be eligible for restitution, the consumer must have either: (1) sent his or her complaint to Defendants by Mail or by e-mail received by Defendants and submitted through the "General Inquiries" or "Comments Form" sections of the <http://www.trilegiant.com/> internet web site (or any internet sites or addresses which may replace or supersede either of those sections or, if applicable, that web site) on or before 270 days after the Effective Date or (2) sent his or her written complaint in any format to Plaintiff, one of the other Settling States, or one of Defendants' Partners, provided that the complaint is forwarded by the entity that receives it to Defendants by no later than 270 days after the Effective Date. Full restitution paid pursuant to this subparagraph shall consist of all membership fees paid by the Fund 2 Eligible Consumer after July 1, 2001, less any refunds previously paid or provided by Defendants. In the event that Two Million Three Hundred Twenty-Five Thousand Dollars (\$2,325,000) plus any amount of Fund 1 made available for distribution under the terms of this subparagraph is not sufficient to provide full restitution to all consumers eligible to receive restitution pursuant to this subparagraph, then restitution shall be distributed to Fund 2 Eligible Consumers on a pro rata basis. In the event that the total payment due to consumers eligible to receive restitution pursuant to this subparagraph is less than Two Million Three Hundred Twenty-Five Thousand Dollars (\$2,325,000) plus any amount of Fund 1 made available for distribution under the terms of this subparagraph, then the difference shall be paid to the Settling States, excluding Ohio, no later

than one year after the Effective Date as an additional sum paid to the Settling States in accordance with and for the purposes stated in paragraph 9 below. The State of Iowa shall receive 11.24292% of any such remainder.

C. Trilegiant shall, no later than twelve months after the Effective Date, provide a final accounting and report to the Iowa Attorney General setting forth the name, address and amount of restitution paid, for each consumer receiving restitution who resided in one of the Settling States at the time he or she submitted the written complaint pursuant to Paragraphs 8A and 8B above.

D. Defendants shall bear all of its costs incurred in complying with this paragraph, including the costs of any third party administrator that may be hired to distribute restitution pursuant to this paragraph.

V. PAYMENT TO THE STATES

9. Within three (3) business days after the Effective Date, Defendants shall pay, by wire transfer or as otherwise directed by the Settling States, the total sum of Four Million, One Hundred Seventy-Five Thousand Dollars (\$4,175,000), as payment for attorneys fees and investigation and litigation costs, and/or consumer protection enforcement funds, consumer education, litigation or local consumer aid, and other uses permitted by state law, at the discretion of each state Attorney General, and to be divided and paid directly to each Settling State. The specific amount to be paid to each Settling State pursuant to this paragraph has been agreed to by the Settling States, at their sole discretion. The State of Iowa's share of this settlement payment to be made by Defendants pursuant to this paragraph is Four Hundred Seventy-Seven Thousand One Hundred Twenty-Eight Dollars, (\$477,128.00), which shall be

used for public education relating to consumer fraud and for enforcement of Iowa Code section 714.16, as referenced in Acts of the 81st General Assembly, 2006 Session, House File 2558, Section 1, subsection 3.

VI. OTHER SETTLEMENT TERMS AND OBLIGATIONS

10. Upon reasonable prior written notice, any duly authorized representative of the Iowa Attorney General shall be permitted to inspect and copy such records as may be reasonably necessary to determine whether Defendants are in compliance with this Consent Judgment.

11. Nothing in this Consent Judgment shall be construed as:

A. Relieving the Defendants of their obligation to comply with all state and federal laws, regulations or rules, or granting them permission to engage in any acts or practices prohibited by such law, regulation or rule; or

B. Limiting or restricting in any way any right the State, the Attorney General or any other agency may otherwise have to obtain information, documents or testimony from Defendants pursuant to any state or federal law, regulation or rule.

C. Superseding any agreement, assurance, consent order, final judgment or discontinuance that Defendants or Defendants' predecessors may have entered into with any of the Participating States that does not cover the marketing of Membership Programs offered through Check and Non-Check Solicitations. However, it is understood that this Consent Judgment shall supersede: (i) *Settlement Agreement re: In the Matter of CUC International, Inc., Docket No. 92-717*, State of Connecticut Department of Consumer Protection; and (ii) *Final Judgment and Permanent Injunction re: The People of the State of California v. Shoppers Advantage*, Superior Court of the State of California, County of

Santa Cruz (filed Nov. 23, 1993), but only to the extent those documents covered the marketing of Membership Programs offered through Check and Non-Check Solicitations.

12. Nothing herein shall be construed as an admission by Defendants of any of the allegations raised by Plaintiff, any matter of fact or law, any violation of any law, or any other liability or wrongdoing.

13. The Attorney General shall have the authority to enforce the provisions of this Consent Judgment or to seek sanctions for violations hereof, or both.

14. If Plaintiff receives a request for documents provided by Defendants in connection with its investigation of this matter or this Consent Judgment, Plaintiff shall comply with applicable disclosure laws but shall promptly provide notice of such request that will afford Defendants the reasonable opportunity to assert that the documents subject to the request are exempt from disclosure.

15. This Consent Judgment constitutes a complete settlement and release by the Attorney General of Iowa of all civil claims and causes of action against Defendants, and their successors, assigns and subsidiaries, including any of their officers, agents, directors, servants, employees, or salespersons, with respect to the marketing of Membership Programs offered through Check and Non-Check Solicitations, which were asserted by Plaintiff in its Petition in this matter or could have been brought prior to the date of entry of this Consent Judgment pursuant to Iowa Code § 714.16, or other similar consumer protection laws which give the Attorney General the authority to sue, but does not release any anti-trust or tax claims or any claims pursuant to any provision of Iowa Code chapter 552A.

16. The Court retains jurisdiction as the ends of justice may require for the purpose of enabling any party to this Consent Judgment to apply to the Court at any time for such further orders and directions as may be necessary or appropriate. This includes Defendants' right to petition the Court to modify the injunctive terms of this Consent Judgment, upon giving at least 45 days written notice to Plaintiff.

17. In the event that any statute or regulation pertaining to the subject matter of this Injunction is modified, enacted, promulgated or interpreted by the State or by the Federal government or any Federal agency, such that Defendants contend the statute or regulation is in conflict with any provision of this Consent Judgment and therefore that Defendants cannot comply with both the statute or regulation and the provision of this Consent Judgment, Defendants shall provide advance written notice of at least 45 days to the Attorney General of Iowa of the inconsistent provision of the statute or regulation with which Defendants intend to comply and of the counterpart provision of this Consent Judgment that Defendants contend is in conflict with the statute or regulation. If the Attorney General disagrees, he or she shall within 30 days of receipt of Defendant's notice notify Defendants that the Attorney General does not agree there is a conflict between the requirements of the Consent Judgment and the newly enacted state or federal law. If Defendants disagree with Attorney General's contention that there is no conflict, Defendants shall comply with the terms of the Consent Judgment until such time as Defendants obtain a court order modifying the Consent Judgment. Any contention by Defendants that a provision of this Consent Judgment conflicts with a judgment in an action brought by Plaintiff against, or any agreement between Plaintiff and, one or more of Defendants' Partners shall also be resolved pursuant to the provisions of this paragraph.

18. Notices to be given under this Injunction are sufficient if given by nationally recognized overnight courier service or certified Mail (return receipt requested), or personal delivery to the named party at the address below:

A. If to Trilegiant Corporation or TRL Group, Inc.:

President
Trilegiant Corporation
100 Connecticut Avenue
Norwalk, Connecticut 06850

with a copy to:
General Counsel
Trilegiant Corporation
100 Connecticut Avenue
Norwalk, Connecticut 06850

Ronald R. Urbach
Davis & Gilbert LLP
1740 Broadway
20th Floor
New York, New York 10019

B. If to the State:

Director, Consumer Protection Division
Iowa Attorney General's Office
1305 E. Walnut Street
Des Moines, IA 50319

Notice is effective when delivered personally; or three (3) business days after it is sent by certified Mail; or on the business day after it is sent by nationally recognized courier service for next day delivery. Any party may change its notice address by giving notice in accordance with this paragraph.


19. The Attorney General of Iowa shall make reasonable efforts to notify the Defendants in writing, prior to instituting any action to enforce this Consent Judgment, that the State believes the Defendants to be in violation of any provision of this Consent Judgment. The notice to the Defendants shall set forth the basis for the State's belief that Defendants have violated any provision of this Consent Judgment. Notwithstanding the foregoing, such notice is not a jurisdictional prerequisite for the State to institute an enforcement action.

20. The Clerk is ordered to enter this Consent Judgment forthwith.

21. Defendants' obligation to comply with the operative terms of this injunction as reflected in paragraphs 5 to 7 shall commence 90 days after the Effective Date, as that term is defined in paragraph 4(F), above.

Date: 12/11/, 2006.

IT IS SO ORDERED, ADJUDGED AND DECREED.




JUDGE, Fifth Judicial District of Iowa
D. J. STOVALL, JUDGE

JOINTLY APPROVED AND
SUBMITTED FOR ENTRY:

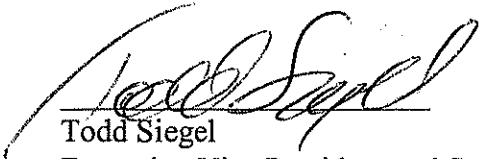
FOR THE STATE OF IOWA:

DATE SIGNED: 12-8-06



William L. Brauch PK1000017
Special Assistant Attorney General
Director-Consumer Protection Division
1305 E. Walnut Street
Des Moines, IA 50319
Telephone: 515-281-8772
Telefax: 515-281-6771

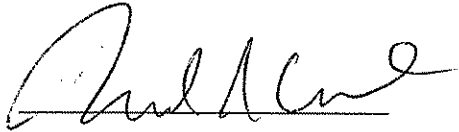
FOR DEFENDANTS



Todd Siegel
Executive Vice President and Secretary
Trilegiant Corporation and TRL Group, Inc.
(predecessor-in-interest to Trilegiant
Corporation)

DATE SIGNED: 12-7-06

COUNSEL FOR DEFENDANTS



HOWARD URBACH
Davis + Gilbert

DATE SIGNED: 12-7-06